Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 11, 2013

Reference No.: 4.16
Information

From: ANDRE BOUTROS
Executive Director

Subject: **TRADE CORRIDORS IMPROVEMENT FUND PROGRAM - PROPOSAL TO UTILIZE PROGRAM SAVINGS**

SUMMARY:

In accordance with the with the Trade Corridor Improvement Fund (TCIF) Program Guidelines, adopted by the California Transportation Commission (Commission) at its November 2007 meeting, projects programmed in the TCIF Program are to begin construction by December 2013. The Commission's expectation is to have all projects allocated by the June 2013 Commission meeting; this would allow for contracts to be advertised and awarded by the December 2013 start construction deadline.

In anticipation that TCIF funds could become available for programming from project award savings or project failures the following proposal is set out to utilize the anticipated TCIF Program savings.

Proposal

All Projects that have not received an allocation by the June 2013 meeting will be dropped from the current program without prejudice, with the exception of the Tehachapi Trade Corridor Rail Improvement Project.

Project sponsors can nominate the same project or a new project with the support of their respective coalition.

The nominated projects will be evaluated based on the criteria set forth in the TCIF guidelines adopted by the Commission in November 2007.

In order for a project to be considered for programming, the project must begin construction by December 2014 and receive an allocation by June 2014.

No project will be considered for an allocation unless it is ready to be advertised.

All other provisions of the TCIF Program Guidelines and Accountability Guidelines remain in effect.

BACKGROUND:

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, passed by the voters in November 2006, included $2.0 billion for the Proposition 1B TCIF Program. The Commission recognized that the needs far exceeded the amount authorized in the Proposition 1B TCIF program and increased the TCIF funding by approximately $500 million from the State Highway Account. The Commission adopted guidelines that established programming targets, which included an additional over programming for each corridor and a requirement to award contracts no later than December 31, 2013.

The Commission adopted the initial TCIF Program at its April 2008 meeting. The initial program included 79 projects at $3.088 billion amongst the four corridors: San Francisco/Central Valley Corridor (aka Northern California Corridor), Los Angeles/Inland Empire Corridor, San Diego Border Region Corridor and Other Corridor. Since then, the corridors have eliminated their over programming as a result of award savings and removing projects that had challenges with delivery.

Through May 2013, sixty nine projects remain in the TCIF program. Out of those, 22 projects have not received an allocation. If those projects do not receive an allocation by the June Commission Meeting, they will be dropped from the program without prejudice and can be renominated with coalition support and appropriate schedules.

The nomination materials should be addressed or delivered to:

Andre Boutros, Executive Director
California Transportation Commission
Mail Station 52, Room 2222
1120 N Street
Sacramento, CA 95814

Attachment: Trade Corridors Improvement Fund Guidelines, November 27, 2007

CALIFORNIA TRANSPORTATION COMMISSION

Trade Corridors Improvement Fund (TCIF) Program Guidelines

Adopted November 27, 2007

General Program Policy

1. Authority and purpose of guidelines. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, provided for $2 billion to be transferred to the Trade Corridors Improvement Fund (TCIF) for infrastructure improvements along corridors that have a high volume of freight movement. The funds are available, upon appropriation by the Legislature, for allocation by the California Transportation Commission.

   The TCIF program is subject to the provisions of Government Code Section 8879.23(c)(1), as added by Proposition 1B, and to Section 8879.50, as enacted through implementing legislation in 2007 (SB 88 and AB 193). The implementing legislation designated the Commission as the administrative agency responsible for programming TCIF and the agency authorized to adopt guidelines for the program.

   The purpose of these guidelines is to identify the Commission's policy and expectations for the TCIF program and thus to provide guidance to the Department of Transportation (Caltrans), regional agencies, and project applicants and proponents in carrying out their responsibilities under the program. These guidelines are not intended to preclude any project nomination or any project selection that is consistent with the Bond Act.

2. Statutory program eligibility. Proposition 1B calls for the Commission to determine corridor and project eligibility, consulting:

   - the goods movement action plan (GMAP) submitted to the Commission by the Secretary of the Business, Transportation and Housing Agency and the Secretary for Environmental Protection;
   - trade infrastructure and goods movement plans adopted by regional transportation planning agencies;
   - adopted regional transportation plans required by state and federal law; and
   - the statewide port master plans prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC).

   Under Proposition 1B, eligible projects may include, but are not limited to:

   - highway capacity improvements,
   - freight rail system improvements,
   - port capacity and efficiency projects,
   - truck corridor improvements,
   - improvements that maximize state access to federal border infrastructure funds, and
   - airport ground access improvements.

3. Statutory programming mandates. Proposition 1B mandates that the Commission program and allocate TCIF in a manner that:

- addresses the state's most urgent needs,
- balances the demands of various ports,
- provides reasonable geographic balance between regions, and
- places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.

The Commission is also mandated to consider the following factors:

- Velocity: the speed by which large cargo would travel from the port through the distribution system.
- Throughput: the volume of cargo that would move from the port through the distribution system.
- Reliability: a reasonably consistent and predictable cargo travel time between points on any given day or time.
- Congestion reduction: the reduction in recurrent daily hours of delay to be achieved.

4. Statutory mandate for supplemental funding. Proposition 1B mandates that the Commission allocate TCIF to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The Commission is to determine the appropriate amount of supplemental funding for each project based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access improvements receiving federal border infrastructure funding, the supplemental funding shall be at least equal to the TCIF contribution, and the Commission may give funding priority to projects with higher levels of committed supplemental funding.

5. Program Schedule. The Commission intends to implement the TCIF program on the following schedule:

CTC adopts TCIF guidelines	November 27, 2007
TCIF project nominations due	January 17, 2008
Hearings	Week of February 18, 2008
CTC issues staff recommendations	March 13, 2008
CTC adopts the initial TCIF program of projects	April 10, 2008

Project Nominations

6. Eligible applicants and projects. The Commission will accept project nominations from Caltrans, regional agencies, and other public agencies, including counties, cities, and port authorities. Project proposals from railroads or other private entities should be submitted by a public agency sponsor. A nomination may identify an entity other than the nominating agency to be the project implementing agency. The implementing agency is the agency responsible for carrying out the work and completing the project.

After consulting the GMAP, Cal-MITSAC and regional transportation plans, the Commission has determined that the following corridors have a high volume of freight movement and are eligible for funding under this program:

- Bay Area Corridor
- Central Valley Corridor
- Los Angeles/Inland Empire Corridor
- San Diego/Border Corridor

The Commission acknowledges that other regions of the state may have goods movement infrastructure needs along corridors that have a high volume of freight movement that would be eligible for funding through the TCIF. The Commission would anticipate those regions would nominate their projects for consideration.

Under statute, the applicant agency must provide a project funding plan through construction that demonstrates that the supplemental funding in the plan (local, federal or private sources) is reasonably expected to be available and sufficient to complete the project. The Commission expects that TCIF project funding will be limited to the costs of construction.

The investment of public funding must be tied to public benefit as demonstrated through a public/private benefit assessment. TCIF should not supplant revenues otherwise available through existing private sector revenue streams.

The useful life of a TCIF project shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law, specifically subdivision (a) of Section 16727 of the Government Code. That section generally requires that projects have an expected useful life of 15 years or more.

7. Project nominations. Project nominations and their supporting documentation will form the primary basis for the Commission's TCIF program of projects. Each project nomination should include:

- A cover letter with signature authorizing and approving the nomination.
- A programming request form (Appendix A) together with a map of the project location that describes the project scope, useful life, cost, funding plan, delivery milestones, and major project benefits. Cost estimates should be escalated to the year of proposed implementation. The project delivery milestones should include the start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, and project closeout.
- A brief narrative that provides:
    - Project background and a purpose and need statement.
    - A concise description of the project scope and anticipated benefits (outcomes and outputs) proposed for TCIF funding.

- A specific description of non-TCIF funding (source and amount) to be applied to the project and the basis for concluding that the non-TCIF funding is expected to be available.
- A description of the project delivery plan, including a description of the known risks that could impact the successful implementation of the project and a description of the response plan for the known risks. The risks considered should include, but not be limited to, risks associated with deliverability and engineering issues, community involvement, and funding commitments.
- A description of the transportation corridor and the function of the proposed project within the corridor.
- A description and quantification of improvements in trade corridor mobility, including measures of velocity, throughput, reliability and congestion reduction for freight movement in the corridor.
- A description and quantification of the local and corridor effects of the project on diesel particulate and other pollutant emissions.
- A description of the corridor plan or other coordinated management strategy being implemented by the applicant agency and other jurisdictions within the corridor to preserve corridor mobility.

- Documentation supporting the benefits and cost estimates cited in the nomination. This should be no more than 10 pages in length, citing or excerpting, as appropriate, the project study report, environmental document, regional transportation plan, and other studies that provide quantitative measures of the project's costs and benefits, including both trade corridor mobility benefits and emission reduction benefits. Where investment of TCIF is proposed to improve private infrastructure, this documentation should include an assessment of public and private benefits to show that the share of public benefit is commensurate with the share of public funding.
- Documentation for rail investments that acknowledges and describes how the private railroads, regional agencies and appropriate state agencies will come to agreement on public and private investment levels and resulting benefits.
- Documentation supporting the availability of supplemental funding identified as part of the project funding plan. Local, federal or private funds to be expended after the adoption of the project into the TCIF program may be used for the 1:1 funding match, with the exception of Grade Separation projects where non-state funds expended since the approval of Proposition 1B may be counted for the match. The project funding plan may include other state funds but those funds may not be counted for the match. For these purposes SHOPP, STIP and TCRP are state funds which are not eligible for match, local gas tax subvention funds, and user fees will be treated as local funds, and Section 190 Grade Separation Fund revenues, RSTP and CMAQ are regarded as federal funds.

8. Submittal of project nominations. For the initial TCIF program of projects, the Commission will consider only projects for which a nomination and supporting documentation are received in the Commission office by (date to be determined), in hard copy. A nomination from a regional agency or port authority will include the signature of the Chief Executive Officer or other authorized officer of the agency. A nomination from Caltrans will include the signature of the Director of Transportation or a person authorized by the Director to submit the nomination. A nomination from a city, county, or other public agency will include the signature from an officer authorized by the city council, board of supervisors, or other agency board. Where the project is to be implemented by an agency other than the nominating agency, the nomination will also include the signature of the Chief Executive Officer or other authorized officer of the implementing agency.

   The Commission requests that each project nomination include five copies of the cover letter, the project fact sheet, and the narrative description, together with two copies of all supporting documentation. All nomination materials should be addressed or delivered to:

   John Barna, Executive Director
   California Transportation Commission
   Mail Station 52, Room 2222
   1120 N Street
   Sacramento, CA 95814

Project Selection and Programming

9. Program of projects based on nominations. The Commission will develop its TCIF program of projects primarily on the basis of the nominations received by the nomination due date.

10. Project nomination scoring. The Commission staff will screen and evaluate project nominations according to the following screening and evaluation criteria. The Commission will take into consideration the methods by which the corridor agencies have determined the relative priority of their nominations.

Screening Criteria: Screening criteria determine whether the nomination is evaluated further.
1. Eligibility:
• Project is included in GMAP, Cal-MITSAC, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, or an adopted regional transportation plan
• Project can demonstrate a 1:1 funding match (local, federal or private funds)

2. **Deliverability:** Project will begin construction by December 31, 2013.
3. **Air Quality:** Project contributes to corridor or air basin emission reduction of particulates and other pollutants
4. **Economic/Jobs Growth:** Project will stimulate economic activity, enhance trade value, and preserve/create jobs

Evaluation Criteria: Evaluation criteria are outcome oriented and customizable to each corridor. Evaluation criteria are grouped into three categories. The Commission may give priority to projects with higher levels of committed supplemental funding.
1. **Freight System (Goods Movement) Factors:**
• **Throughput:** Project provides for increased volume of freight traffic through capacity expansion or operational efficiency
• **Velocity:** Project increases the speed of freight traffic moving through the distribution system
• **Reliability:** Project reduces the variability and unpredictability of travel time
2. **Transportation System (Priorities) Factors:**
• **Safety:** Project increases the safety of the public, industry workers, and traffic
• **Congestion Reduction/Mitigation:** Project reduces daily hours of delay on the system and improves access to freight facilities
• **Key Transportation Bottleneck Relief:** Project relieves key freight system bottlenecks where forecasts of freight traffic growth rates indicate infrastructure or system needs are inadequate to meet demand
• **Multi-modal Strategy**: Project employs or supports multi-modal strategies to increase port and transportation system throughput while reducing truck vehicle miles/hour traveled (VMT/VHT)
• **Interregional Benefits:** Project links regions/corridors to serve statewide or national trade corridor needs
3. **Community Impact Factors:**
• **Air Quality Impact:** Project reduces local and regional emissions of diesel particulate, CO2, NOx, and other pollutants.
• **Community Impact Mitigation:** Project reduces negative impacts on communities (noise, localized congestions, safety, etc.)
• **Economic/Jobs Growth:** Project stimulates local economic activity, enhances trade value, and preserves/creates jobs

Where a project is proposed to improve private infrastructure, the Commission's evaluation will examine the public/private benefit assessment of the project.

11. Program adoption. The Commission recognizes that statewide goods movement needs far exceed the amount that Proposition 1B authorizes for the TCIF program, that other sources of funding may and should be explored for meeting those needs, and that delivery challenges may limit the funding of identified projects by December 2013. The Commission also supports the funding strategy proposed by Caltrans and the corridor agencies to increase TCIF funding by approximately $500 million from the State Highway Account (SHA) to fund state-level priorities that are critical to goods movement. Additionally, the Commission anticipates that it will initially program about 20% more than the resulting $2.5 billion available from the TCIF and the SHA. This overprogramming assumes that new revenue sources (additional federal funding, user fees, tolls, etc.) will become available and will be dedicated to funding the adopted program. The Commission anticipates reviewing the programming and delivery status of all projects in 2010 on a schedule coordinated with development of the 2010 STIP. The Commission may also adopt amendments to the program to recognize the availability of other funds or changes in project delivery. The Commission may, if it finds it necessary or appropriate, advise potential applicants to submit new or revised nominations.

12. Corridor-based programming targets. The Commission supports a corridor-based programming approach to the TCIF, which recognizes and complements the goods movement planning work already done within the major trade corridors. The Commission also recognizes and supports the key role that the state has to play in project identification and supports integrating statewide goods movement priorities into the corridor approach.

To promote this corridor-based approach, the Commission has developed the following geographic programming ranges, in consultation with the Department and corridor regional agencies. The targets are neither minimums nor maximums. They do not constrain what any agency may propose or what the Commission may approve for programming and allocation within any particular corridor.

TCIF Corridor Programming Ranges
(Range, in $ millions)

	Low	High
Los Angeles/Inland Empire Corridor	$1,500	$1,700
San Diego/International Border Corridor	250	400
San Francisco Bay/Central Valley Corridor	640	840
Other Corridors	60	80
Administration Fees	40	40
Total	$2,490	$3,060

Project Delivery

13. Project baseline agreements. Within three months after the adoption of a project into the TCIF program of projects, the Commission, Caltrans and the implementing agency, together with the regional agency and any entity committed to providing supplemental funding for the project, will execute a project baseline agreement, which will set forth the project scope, benefits, delivery schedule, and the project budget and funding plan. The funding plan will identify the source of supplemental funding. For investments in rail projects, the Commission expects a memorandum of understanding to be in place by the time of execution of the project baseline agreements between the private railroads, appropriate regional agencies, and appropriate state agencies that details how and when public and private funding would be made available. In addition, the Commission expects the memorandum of understanding would stipulate what public benefits (i.e., additional passenger rail capacity and investments in grade separations) would accrue to the affected regions and by when those benefits would be realized. The Commission may delete a project for which no project baseline agreement is executed, and the Commission will not consider approval of a project allocation prior to the execution of a project baseline agreement.

14. Quarterly delivery reports: As a part of the project baseline agreement, the Commission will require the implementing agency to submit quarterly reports on the activities and progress made toward implementation of the project, including those project development activities taking place prior to a TCIF allocation and including the commitment status of supplemental funding identified in the project baseline agreement.

    As mandated by Government Code Section 8879.50, the Commission shall forward these reports, on a semiannual basis, to the Department of Finance. The purpose of the reports is to ensure that the project is being executed in a timely fashion and is within the scope and budget identified when the decision was made to fund the project. If it is anticipated that project costs will exceed the approved project budget, the implementing agency will provide a plan to the Commission for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase. The Commission may either approve the corrective plan or direct the implementing agency to modify its plan. Where a project allocation has not yet been made, the Commission may amend the program of projects to delete the project.

15. Amendments to program of projects. The Commission may approve an amendment of the TCIF program in conjunction with its review of a project corrective plan as described in Section 14. The implementing agency may also request and the Commission may approve an amendment of the program at any time. An amendment need only appear on the agenda published 10 days in advance of the Commission meeting. It does not require the 30-day notice that applies to a STIP amendment.

16. Allocations from the TCIF. The Commission will consider the allocation of funds from the TCIF for a project or project component when it receives an allocation request and

recommendation from Caltrans, in the same manner as for the STIP. The recommendation will include a determination of the availability of appropriated TCIF and the availability of all identified and committed supplemental funding. The Commission will approve the allocation if the funds are available, the allocation is necessary to implement the project as included in the adopted TCIF program, and the project has the required environmental clearance.

17. Final delivery report. Within six months of the project becoming operable, the implementing agency will provide a final delivery report to the Commission on the scope of the completed project, its final costs as compared to the approved project budget, its duration as compared to the project schedule in the project baseline agreement, and performance outcomes derived from the project as compared to those described in the project baseline agreement. The Commission shall forward this report to the Department of Finance as required by Government Code Section 8879.50.

    The implementing agency will also provide a supplement to the final delivery report at the completion of the project to reflect final project expenditures at the conclusion of all project activities. For the purpose of this section, a project becomes operable at the end of the construction phase when the construction contract is accepted. Project completion occurs at the conclusion of all remaining project activities, after acceptance of the construction contract.

18. Audit of project expenditures and outcomes. The Department of Transportation will ensure that project expenditures and outcomes are audited. For each TCIF project, the Commission expects the Department to provide a semi-final audit report within 6 months after the final delivery report, and a final audit report within 6 months after the final delivery report supplement. The Commission may also require interim audits at any time during the performance of the project.

    Audits will be performed in accordance with Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office. Audits will provide a finding on the following:

    - Whether project costs incurred and reimbursed are in compliance with the executed project baseline agreement or approved amendments thereof; state and federal laws and regulations; contract provisions; and Commission guidelines.
    - Whether project deliverables and outcomes are consistent with the project scope, schedule and benefits described in the executed project baseline agreement or approved amendments thereof.

2008 Project Programming Request
(Project Information)

General Instructions

☑ New Project ☐ Amendment (Existing Project)				Date:	
Caltrans District	**EA**	**PPNO**	**MPO ID**	**TCRP No.**	

County	**Route/Corridor**	**Project Sponsor/Lead Agency**	**MPO**	**Element**

Project Title

PM Bk	**PM Ahd**	**Project Mgr/Contact**	**Phone**	**E-mail Address**

Location, Project Limits, Description, Scope of Work, Legislative Description

Component	**Implementing Agency**	**AB 3090**	**Letter of No Prejudice**
PA&ED		☐	☐
PS&E		☐	☐
Right of Way		☐	☐
Construction		☐	☐

Legislative Districts

Assembly:		**Senate:**	
Congressional:			

Purpose and Need

Project Benefits

Project Milestone			**Date**
Project Study Report Approved			
Begin Environmental (PA&ED) Phase			
Circulate Draft Environmental Document	**Document Type**	N/A	
Draft Project Report			
End Environmental Phase (PA&ED Milestone)			
Begin Design (PS&E) Phase			
End Design Phase (Ready to List for Advertisement Milestone)			
Begin Right of Way Phase			
End Right of Way Phase (Right of Way Certification Milestone)			
Begin Construction Phase (Contract Award Milestone)			
End Construction Phase (Construction Contract Acceptance Milestone)			
Begin Closeout Phase			
End Closeout Phase (Closeout Report)			

Form Version Date: 10/1/07

2008 Project Programming Request
(Funding Information)

(dollars in thousands and escalated to the programmed year) Date: 01/00/00

County	CT District	PPNO	TCRP Project No.	EA
0	0	0	0	0

Project Title: 0

Existing Total Project Cost									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Implementing Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Total Project Cost									
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	

Fund No. 1:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Funding									Notes
E&P (PA&ED)								0	
PS&E								0	
R/W SUP (CT)								0	
CON SUP (CT)								0	
R/W								0	
CON								0	
TOTAL	0	0	0	0	0	0	0	0	

Fund No. 2:									Program Code
Existing Funding									
Component	Prior	08/09	09/10	10/11	11/12	12/13	13/14+	Total	Funding Agency
E&P (PA&ED)	0	0	0	0	0	0	0	0	
PS&E	0	0	0	0	0	0	0	0	
R/W SUP (CT)	0	0	0	0	0	0	0	0	
CON SUP (CT)	0	0	0	0	0	0	0	0	
R/W	0	0	0	0	0	0	0	0	
CON	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	
Proposed Funding									Notes
E&P (PA&ED)								0	
PS&E								0	
R/W SUP (CT)								0	
CON SUP (CT)								0	
R/W								0	
CON								0	
TOTAL	0	0	0	0	0	0	0	0	

Form Version Date: 10/1/07